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April 1, 1991

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LAST MINUTE NEWS

Nestle taps McCann

SAN FRANCISCO—Nestle Beverage Co. last week consolidated most of its estimated $65 million account at McCann-Erickson Worldwide's offices here and New York. McCann's New York office won the estimated $18 million Coffee-mate business from Dailey & Associates, Los Angeles, and the $9 million Nestea brand from J. Walter Thompson USA, New York. The McCann offices will now handle about $52 million in Nestle Beverage spending. Other Nestle Beverage agencies are Hal Riney & Partners here; Cohen/Johnson, Los Angeles; and Bloom FCA, Dallas. Separately, parent Nestle USA, Glendale, Calif., this month will name agencies for its estimated $300 million media buying account (AA, Jan. 14).

Kellogg, Texas feud

BATTLE CREEK, Mich.—Kellogg has sued Texas Assistant At-

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INSIDE

Jeffery D. Zhar

Spring break: Where beer marketers left off, other marketers rushed in. **Page 16**

"Creativity"

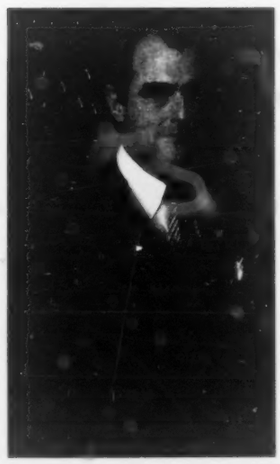
Some readers get "Creativity," which starts after Page 24. If you don't, call 1-800-678-9595 and ask for *Ad Age* circulation.

Philip Morris tilts to food

With Miles at helm, course is plotted for global growth

Mike Miles' rise to the top

- **1961:** After graduating from Northwestern University with a bachelor's degree in advertising, rose to VP-account supervisor at Leo Burnett USA.
- **1971:** Became senior VP-marketing for Kentucky Fried Chicken.
- **1977:** Named chairman of KFC.
- **1980:** Named senior VP of Heublein, KFC's parent, while keeping KFC title.
- **1982:** Joined Kraft Inc. as president and chief operating officer.
- **1989:** Named chairman-ceo of Kraft General Foods and vice chairman of Philip Morris Cos.
- **1991:** Appointed chairman-ceo of Philip Morris, succeeding Hamish Maxwell.



By Judann Dagnoli

With Michael Miles as its leader, Philip Morris Cos. could conquer the food world.

Already the nation's largest food company and the No. 3 food marketer worldwide, Philip Morris is setting its sights on global expansion with last week's appointment of Mr. Miles as chairman-ceo.

Analysts expect Mr. Miles, 51, to use the company's enormous cash flow generated by its tobacco business to finance acquisitions and build an international food empire that could rival that of Nestle and Unilever.

In addition to Mr. Miles, now chairman-ceo at Philip Morris' Kraft General Foods, the company also announced that Philip Morris Vice Chairman William Murray, 55, will become president-chief operating officer of the parent company. Geoffrey Bible, 53, now president-chief administrative officer of Kraft General Foods, will assume the new post of exec VP-international to oversee Philip Morris' food and tobacco businesses outside North America. All appointments take effect in September.

The moves indicate an attempt by the company to strengthen its position as a food marketer worldwide while continuing its

(Continued on Page 36)

Buick ads target ZIP codes

By Raymond Serafin and Cleveland Horton

Buick, with the help of McCann-Erickson Worldwide, will launch its new Roadmaster station wagon this month with a revolutionary magazine ad buy targeted at specific ZIP codes.

Magazines have previously offered demographic and geographic buys, as well as ink-jet printing, for personalizing messages. But the Buick program is unusual because it represents a marketer and its agency coming up with their own target list.

"I'm not aware of anyone who's ever done it this way," said Karen Ritchie, senior VP-director of media services in McCann's Troy, Mich., office.

Starting in issues being delivered the week of April 15, the ads will run in *Time, Newsweek, U.S. News & World Report, People, Sports Illustrated, Entertainment Weekly* and *Money*.

The Buick program is unusual because it represents a marketer and its agency coming up with their own target list.

The targeted ads will run in issues going to 4,940 of the country's more than 40,000 ZIP codes, said Jay Qualman Jr., general director of advertising for the General Motors Corp. division.

Newsweek U.S. Publisher Peter Eldredge said the GM buy was, to his knowledge, the first of its kind and predicted similar deals would be forthcoming.

"I think it's an exciting opportunity for Buick," he said. "Quite frankly, I see this kind of target marketing happening more in the future. It's a tool that helps advertisers reach their best sales prospects."

Ms. Ritchie said Buick has been the prime user of the agency's proprietary McMapping data-base program developed last year to explore lifestyle, demographic and media usage information about specific target audiences. McCann pulled together information from several data bases and the U.S. Census Bureau to develop its program. It's never been used for a magazine ad before.

In the case of the Roadmaster launch, Buick wanted to reach households that would be

(Continued on Page 36)

Michelob enlists in draft battle

By Ira Teinowitz

Anheuser-Busch will take direct aim at Miller Brewing Co.'s Miller Genuine Draft by using similar marketing imagery to introduce Michelob Golden Draft.

The battle begins April 15 when A-B starts testing Michelob Golden Draft and Michelob Golden Draft Light in six markets. Packaging, parts of the advertising, and pricing for the two new brews resemble those for Miller Genuine Draft and Genuine Draft Light.

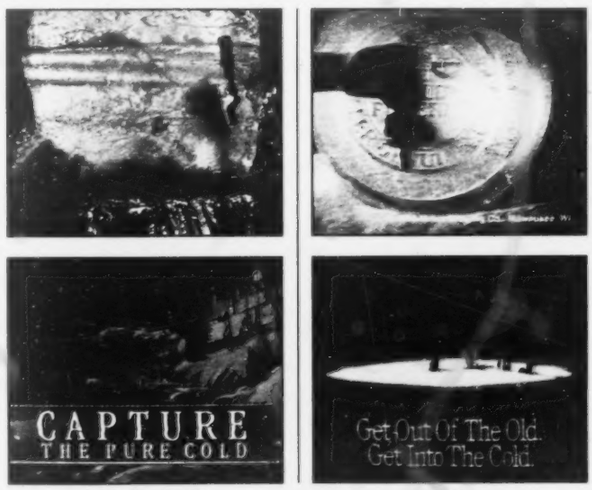
The new Michelobs will come in clear bottles, like Genuine Draft, and bear similar black and gold labels. Even the bar call, "MGD," which Miller has used in promotions, is the same.

Miller's campaign from Backer Spielvogel Bates, New York, is themed "Get out of the old, get into the cold." Theme for four 30-second TV spots in A-B's introductory test campaign via DDB Needham Worldwide, Chicago, is "Capture the pure cold."

The new Michelob brands are "cold-filtered," just like Genuine Draft, and some TV spots show a beer barrel made of ice being tapped, a signature image in Miller Genuine Draft's TV spots.

In launching the new brews, A-B

(Continued on Page 34)



Michelob **Miller**

Spots for Michelob Golden Draft feature a keg made of ice and use the word "cold" in the end frame, the same as Miller Genuine Draft.

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NEWS SUMMARY

■ **Michael Miles,** new chairman-ceo of Philip Morris Cos., is expected to build an international food empire. **1**

■ **Buick** will launch its Roadmaster station wagon this month with ads in seven magazines targeted at specific ZIP codes where McCann-Erickson determined its best prospects live. **1**

■ **Michelob Golden Draft** and Michelob Golden Draft Light will be introduced into six test markets April 15. **1**

■ **Cold cereal** sales volume fell 1% last year, leading to predictions of lower ad spending in that category. **3**

■ **DDB Needham's** "guaranteed results" plan has apparently generated little interest among its U.S. clients. **3**

■ **Midway Airlines'** Chapter 11 filing shows $1.8 million owed to Campbell-Mithun-Esty. **3**

■ **Hachette Magazines** said it's exploring reports 8.4% of its Paris-based parent is owned by a company with ties to Iraqi leader Saddam Hussein. **3**

■ **Mobil Chemical Co.** will break a campaign next week for its Hefty Steel-Sak bags that use 30% less material. **4**

■ **Lawn and garden** marketers will heavy up on organic products this summer. **4**

■ **Earth Day USA** said few sponsors will tie in to the annual environmental observance April 22. **4**

■ **American Honda,** the Japanese import car sales leader, is adding incentives to counter a sales slowdown. **6**

■ **Outdoor advertising** spending dropped 2.4% last year, according to LNA figures. **6**

■ **Pepsi-Cola Co.'s** campaign to lure restaurants away from Coca-Cola won over the Howard Johnson's chain. **12**

■ **Spring break** promotional activities at the popular warm-weather gathering spots are more subdued this year. **16**

■ **William A. Robinson Inc.** sales promotion agency is buying itself back from Ketchum Communications. **28**

■ **General Mills** will go national with its Betty Crocker MicroRave single-serve cake and brownie mixes. **31**

■ **Sony Corp.'s** deal with entertainer Michael Jackson includes albums, feature films, and video and TV work. **32**

■ **National Advertising Division** resolved four cases in February, including one involving ad claims for Orville Redenbacher's Light Microwave popcorn. **32**

■ **The top Belding award** from the Advertising Club of Los Angeles went to ABC-TV for three spots promoting its "Twin Peaks" series. **33**

■ **Reebok International** split its $70 million account between Chiat/Day/Mojo and Lois/GGK. **37**

■ **Movie director Spike Lee** said movie marketers put less promotional money behind black-themed films. **38**

■ **Pizza Hut** named Robert J. Perkins, president of Chiat/Day/Mojo, New York, as senior VP-marketing. **38**

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ABP MPA

DDB Needham 'results' plan draws yawns

By Gary Levin

NEW YORK—DDB Needham Worldwide's "guaranteed results" compensation plan may be a guaranteed failure so far.

An *Advertising Age* survey of DDB Needham's 25 major U.S.-based clients revealed none has signed up for the unusual plan, which bases client payment to the agency on whether specified sales or other performance goals are met.

The plan, a brainchild of Chairman-CEO Keith Reinhard, was unveiled with great fanfare last May at a press breakfast attended by more than 200 at the posh Four Seasons restaurant.

K. Reinhard

Major clients who say they declined to participate in the plan include Anheuser-Busch Cos., General Mills, H.J. Heinz Co., Hershey Foods Corp., Mobil Oil Corp., McDonald's Corp., Ralston Purina Co. and Jos. E. Seagram & Sons.

American Airlines and S.C. Johnson & Son, both of whom DDB Needham works for only outside the U.S., also said they aren't participating in the guaranteed-results plan.

When DDB Needham announced the plan, the agency promised it would sign up 10 clients by January.

In a recent interview with *Ad Age*, Mr. Reinhard maintained the agency has five signed agreements in the U.S. and six more overseas that are either "directly or along the lines of the guaranteed-results plan."

The plan was "very instrumental" in five new clients' decisions to hire the agency, he said, though he acknowledged none of those clients signed up for the program.

Mr. Reinhard refused to identify any of the clients.

Many industry observers say that wrinkles in the plan—including a demand that the agency control the "consis-

(Continued on Page 34)

Change bowls over cereal marketers

New-product intros, ad spending waning

By Julie Liesse

The food industry's perennial star category has lost its luster.

Sales volume of ready-to-eat cereals fell 1% last year for the first time in more than a decade. And now cereal marketers concede the era of heavy ad spending may be over.

That's not all that's changing. The six big cereal companies are grappling to redefine marketing rules in an environment where new products have little impact, private labels are the most dreaded competitor and market share is no longer worth virtually any price.

Has the cereal industry hit a no-growth plateau? No, Steve Sanger, president of General Mills' cereal division, told food analysts last month.

"This is not a zero-growth market," agreed Quaker Oats Co. Chairman-CEO William Smithburg.

Nevertheless, unit volume growth predictions range from 1% to 4%, a far cry from the 1980s' annual increases of 5% or more. And that portends change.

"I view Basic 4 and Triples and Cinnamon Mini Buns [the three newest cereal brands] as the last gasp of the old template, the last of the old style of executing new products . . . with $35 million marketing budgets and positioned as the second coming," said Polly Kawalek, director of marketing for new cereals at Quaker.

Traditionally, new products with big ad campaigns have driven the category. Measured media spending alone likely was close to $900 million in 1990 and totaled $839 million in 1989. In a category where 1 share point is worth $72 million, there's always been plenty of incentive to invest in new products.

But some now say the category is saturated, with 220 different products and few if any consumer desires unaddressed.

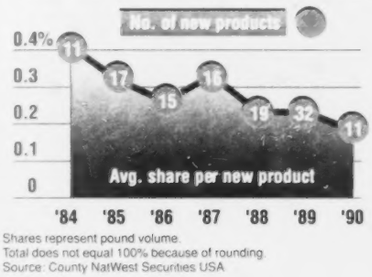
Only 31 of the 220 brands sold today have shares of 1% or better, the same number as in 1985, when there were just 145 brands, General Mills' Mr. Sanger said.

Through the 1980s, each year's crop of new products

(Continued on Page 33)

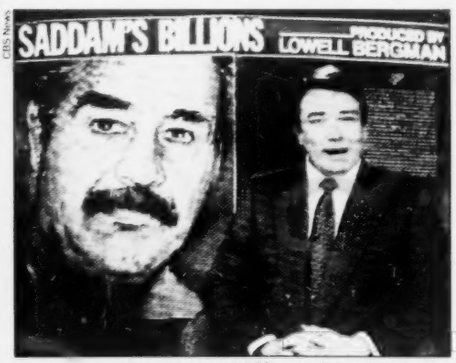
Tough times for new cereals

The 11 new products in 1990 averaged a paltry 0.18% market share. But the 11 new products in 1984 gained a 0.41% share.



Shares represent pound volume.
Total does not equal 100% because of rounding.
Source: County NatWest Securities USA

John Hall



CBS News

A report by "60 Minutes" has Hachette checking into the publisher's shareholders.

Defusing the link to Iraq

Hachette studies charges as advertisers hold firm

By Scott Donaton

NEW YORK—Hachette Magazines executives moved quickly last week to minimize fallout from a report charging Iraqi President Saddam Hussein indirectly owns a sizable stake in its French parent.

Paris-based media giant Hachette SA publishes 15 consumer magazines in the U.S., including *Elle*, *Woman's Day*, *Road & Track*, *Car & Driver* and *Stereo Review*.

The publishers of those magazines placed emergency calls to their top advertisers last week, reassuring them that Hachette is taking steps to explore the matter.

At press time, no advertiser had canceled or suspended schedules, said Exec VP-Publishing David Pecker.

"Other than a lot of jokes, I think advertisers are sophisticated," he said. "They realize that you can't control who buys your stock."

"Typically, we don't put ownership pro or con in the mix when we evaluate a magazine. But these are special circumstances."

Saddam Hussein's alleged financial link to Hachette was revealed in a segment on CBS-TV's "60 Minutes" broadcast March 24. The report charged that Montana Management, a Geneva-based company that controls 8.4% of Hachette and is its second largest shareholder, is a front for investors acting on behalf of the Iraqi government.

Less than 48 hours after the report, Hachette said in a statement from Paris that it had launched an investigation to "determine the identities of Montana Management's shareholders."

If it could establish an Iraqi connection to Montana, Hachette said, it would "ask the appropriate authorities to enforce the U.N. resolutions regarding the freeze of Iraqi assets" and try to acquire Montana's shares.

In a previous statement, Hachette stressed Montana "never had any influence at any time over Hachette since they have

(Continued on Page 35)

Midway filing is blow to CME

Reorganization petition shows troubled airline owes shop $1.8M

By Ira Teinowitz

Midway Airlines' filing for Chapter 11 bankruptcy reorganization is a $1.8 million headache for Campbell-Mithun-Esty, Chicago, listed as one of the airline's unsecured creditors.

The money represents a combination of production and media placement fees, most of it for media placement, said CME President Marv Goldsmith.

He said not all the media had been paid yet by CME, and its lawyers are looking closely at the agency's media contracts to determine liability. He wouldn't estimate the amount still unpaid.

"Any liability is significant as far as CME is concerned," Mr. Goldsmith said.

Still, CME officials said they will keep serving Midway and hoped the tab eventually would get paid. A meeting of the airline's creditors is set for this week.

"Our financial arrangements going forward are satisfactory, and we will continue to place media and execute production in support of Midway's marketing and advertising programs," Mr. Goldsmith said in a memo to agency staffers. He didn't further outline the arrangements, which may call for Midway to pay upfront for future media placement.

CME's contracts with media reportedly are the standard ones in the industry and say little about Chapter 11 filings. The American Association of Advertising Agencies recently recommended agencies limit their liability to media bills already paid to them by the client.

"We will continue to place media and execute production in support of Midway's marketing and advertising programs."

CME is at least the fourth agency to be hit with a hefty bill recently as a result of Chapter 11 filings.

In February, Carter Hawley Hale Stores' petition said it owed Cole & Weber, Seattle, $3.5 million. In January, G. Heileman Brewing Co.'s petition listed $563,754 owed to Della Femina, McNamee, New York. Continental Airlines' December petition said Wells, Rich, Greene was owed $7 million.

Recession slows Honda's parade

By Cleveland Horton

The shine may be off American Honda Motor Co.

For years, the Japanese auto marketer has been recession-proof and able to avoid the rebate jungle that plagues U.S. carmakers.

But recently Honda did the unthinkable: The marketer increased incentives, slowed production and began storing inventory.

While all these actions are common for other car marketers, they're a revolutionary act for Honda, with sales that characteristically outperform the industry.

Honda's recent actions are raising questions about the future of Japanese car companies.

For almost 15 years, sales of these cars in the U.S. have risen steadily, regardless of the industry's overall state. But as consumer confidence crashed and patriotism revved up during the Persian Gulf War, there have been questions about the importers' continued growth.

"We're in the same soup as everyone else," said Eric Conn, Honda's senior advertising manager.

Honda executives, however, bristle at suggestions that its recession tactics are nearly as drastic as those of competitors. Honda's $900 per car incentive, for example, is directed at dealers and not advertised. Likewise, cutting production by 5,000 cars at two Ohio factories represents just 1.2% of the plants' 1990 output. And the well-documented 2,000 cars parked outside the factory represent only 1½ days' supply.

Curiously, the roots of Honda's mystique date back to the economic downturns of the late 1970s and early 1980s. During those tough times, the marketplace turned in droves to the Japanese alternative.

"In the past, what the Japanese had to offer were small, fuel-efficient cars that were less costly, both to buy and to maintain," said Cynthia Certo, director of forecasting at Integrated Automotive Resources, a research company. "That's no longer true. They have all moved way up [in price and size], and now they're facing the same factors that are hurting the domestics."

Both previous recessions were accompanied by higher gas prices and scarce supplies. Those factors sent consumers pouring into import dealerships for high-mileage, low-price small cars.

Honda ads have poked fun at the "wayward" competition, but consumer attitudes may be changing.

This time, however, the price of gas hasn't increased significantly. And, further, few cars—domestic or imported—can boast any significant fuel efficiency advantage.

Honda doesn't plan any revolution in its award-winning, generally understated advertising. But Mr. Conn said he expects the 1992 campaign, breaking in the fall, to be "a little more direct, a little more informative with more of a call to action. For us, that's pretty tough stuff."

Rubin Postaer & Associates, Los Angeles, handles the estimated $175 million Honda account.

With a down economy, Honda may also be hurt by its premium pricing strategy.

"People now are willing to give up quality for price," said Ronald Glantz, an industry analyst who's senior VP at Dean Witter Financial Services Group.

"Aggressive pricing will be one of the biggest factors in coming years," Ms. Certo said. Although rebates "will probably be around forever," she said, they won't necessarily stimulate sales.

Also, as a market leader, Honda is now more subject to attack by other companies.

For example, General Motors Corp.'s Buick division recently aired a spot that makes no bones about its desire to unseat Honda.

Honda's award-winning "Art Gallery" spot showed an Accord hanging on a gallery wall, then being driven away. In the Buick commercial (AA, Feb. 25), a driver gets out of a Toyota Camry (that looks like an Accord) hanging on a wall and walks over to a Regal.

Toyota Motor Sales USA and Nissan Motor Corp. USA are training their sights on Honda but in different ways. Toyota's Camry goes head-to-head with the Accord, while Nissan positions its vehicles in areas where Honda isn't as strong. For example, in the low end of the import market, the Nissan Sentra has a price advantage over the Honda Civic.

Neither attacks the Japanese import leader in ads directly, but both are more willing than Honda to run retail ads and use consumer rebates.

For its part, Honda is looking toward the fall, when it will introduce redesigned versions of its Prelude and Civic models. For the second-tier marketers, including relative newcomer Daihatsu Motors of America and long-troubled Suzuki of America Corp., hanging on until the fall poses a challenge for their dealers.

Observers like to credit Japanese companies for their ability to sacrifice quarterly earnings for long-term market share gains. However, North America may no longer be as attractive for future profits.

"These days, when you take your lumps, it's no longer certain that you'll be profitable in five years," said Jesse Snyder, director-product analysis for AutoPacific Group. □

Raymond Serafin contributed to this story.

Doug Goodman

Bob Bloom (l.) and his mother, Evelyn (seated), attended on behalf of Sam Bloom; Pat Dougherty represented her late husband, Phil; Carl Ally (r.) was the third honoree.

Ally, Dougherty, Bloom enter Hall

NEW YORK—Ad executives Carl Ally and the late Sam Bloom, along with Phil Dougherty, the late ad columnist for *The New York Times*, were inducted into the Advertising Hall of Fame last week.

Mr. Ally, former chairman of Ally & Gargano and founder-ceo of Carl Ally Inc., was cited for his former agency's breakthrough creative work for clients including Volvo Cars of North America, Hertz Corp. and Federal Express Corp.

Mr. Bloom founded the Bloom Agency in Dallas in 1952 after a 32-year career in newspaper publishing. The agency grew steadily, expanded out of Texas and was recently bought by FCA, Paris, and renamed Bloom FCA. Mr. Bloom died in 1983.

Mr. Dougherty covered the ad industry for the *Times* for 22 years. He died in September 1988.

Mr. Ally was on hand to accept the award. Mr. Bloom's son Bob, chairman-ceo of Bloom FCA, and other family members accepted Mr. Bloom's award, while Mr. Dougherty's wife, Pat, accepted the award for her husband. □

Outdoor spending slips in '90

By Alison Fahey

Spending on outdoor advertising showed its biggest decline in at least a decade last year, according to new figures from LNA/Arbitron Multi-Media Service.

Industry experts were quick to blame the drop on overall economic turmoil, the Persian Gulf War and the influence of special-interest groups.

Overall ad spending dropped 2.4% to $688.8 million in 1990, LNA reported.

"It was a tough paper route out there last year," said Tommy Teepell, senior VP of the Institute of Outdoor Advertising.

But he contended LNA figures are under-reported and ad spending probably stayed flat, rather than declined. The IOA is conducting a third-party audit, but it hasn't been completed.

Patrick Media Group, the nation's largest outdoor company, had a 1% decline in ad spending in 1990, said Tom Donohue, director of marketing services.

"The three categories that we took a hit with were the [local] radio business, car dealers and tobacco," Mr. Donohue said, noting a loss of about $3 million in tobacco spending in 1990.

The cuts "mirror what was going on with our economy," he said.

Spending declined in eight of the top 10 outdoor categories, with the biggest slashes coming from the publishing and media category (22.5%) and automotive (11.2%), LNA reported.

"In 1990, there was not a substantial increase in out-of-home from our agency vs. 1989," said Helen Giles, VP for out-of-home media at Lintas:Campbell-Ewald, Warren, Mich., the agency of record for Chevrolet. "I would say it was pretty flat."

LNA also reported cutbacks in 1990 spending from tobacco advertisers (2.8%) and alcohol-related marketers (1.6%), whose inner-city boards came under fire from special-interest groups concerned that the advertisers were unfairly targeting youths and minorities.

In response, the Outdoor Advertising Association of America in 1990 instituted a "code of advertising" policy encouraging its member companies to place decals on boards in certain areas to identify them as permanently off-limits to tobacco- and alcohol-related ads.

That voluntary policy will likely result in a continued loss of spending from tobacco and liquor marketers.

The two biggest outdoor companies, Patrick and Gannett Outdoor Group, have tagged more than 8,200 board faces between them, said Roland McElroy, OAAA president.

"Let's face it, outdoor is still not a primary buy," said one agency media executive who asked not to be identified. "But more importantly, some of the [medium's] biggest categories, like retail, had problems of their own."

Gannett, which sells ad space on transit shelters as well as outdoor boards, said it bucked the soft environment and had overall ad spending increases of 5% in 1990.

That growth was due, in part, to an infusion of some $2 million last year in the company's marketing group that went to hiring more personnel and installing computer systems used as marketing tools, said James Keller, VP-marketing.

For 1991, at least the first half of the year, the outdoor advertising industry may still have to weather tough times as some of its biggest spenders continue to cope with internal troubles.

For example, the publishing and media category, in a slump for more than a year, doesn't expect a turnaround in business until later this year or possibly early 1992.

And many retailers, for example, who took a blow during the crucial holiday selling season, have indicated their ad spending would continue to stay flat, or decline, until at least mid-1991.

In the automotive category, most ad spending hinges on automotive sales, which have been sliding.

At Lintas, Ms. Giles said the agency has already canceled some outdoor buys for Chevrolet for early 1991 due to slow car sales.

"I was more optimistic for 1991, but things turned around," she said, noting that even with the cuts, the agency's outdoor spending for automotive may be up slightly over 1990.

"We thought it was going to be a good year and then car sales really went down, and of course, our budgets were affected by that," she said.

But some outdoor company executives were more upbeat.

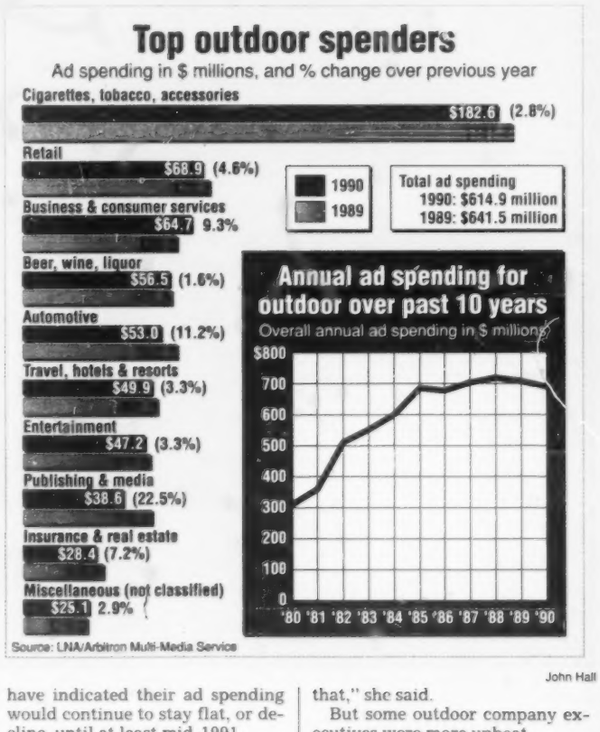
"Most companies are having a strong first quarter," the IOA's Mr. Teepell said.

Patrick's Mr. Donohue agreed.

"As a company we're doing extremely well," he said. "We've put an emphasis on the package-goods area and had great success with that."

Patrick also said that the entertainment industry, in particular movie studios, was spending more.

"1991 is a year of opportunity for the out-of-home industry," Gannett's Mr. Keller said. "Advertisers can no longer continue to think traditional media." □



John Hall

Cola feeding frenzy

Pepsi ad challenges Coke's restaurant tactics

By Alison Fahey and Scott Hume

Pepsi-Cola Co. is regaining ground on Coca-Cola in their war over the restaurant market.

The battle waged in trade ads and restaurants promises to get rougher before the fizz is gone, industry observers say.

Pepsi last week announced it signed with Franchise Associates, South Weymouth, Mass., franchisor of the 120-unit Howard Johnson's Restaurants, a Coke client for 15 years.

That conquest is the latest of several for Pepsi as it wages an aggressive campaign to discredit Coca-Cola by alleging Coke is giving preferential treatment to McDonald's Corp. at the expense of its other restaurant clients.

Pepsi's three-page ad ran in February and March in *Nation's Restaurant News* and claimed "Coke classifies its restaurant accounts into two distinct categories."

In one category, Pepsi says, are Burger King Corp.; General Mills' Red Lobster USA and Olive Garden; Hardee's Food Systems; Popeyes Famous Fried Chicken & Biscuits; Rax Restaurants; and Wendy's International. The second category is just McDonald's.

The difference, Pepsi's ad alleges, is that "this year, while Coke required national accounts like you to absorb a per-gallon price increase, we hear there was no change to McDonald's net price. In effect, Coke's pricing policy is requiring you to subsidize the operations of your largest competitor. Which means this competitor has even more dollars to pour into its fight for share of customers."

Pepsi's divide-and-conquer tactic is the same one Coca-Cola has used successfully in the past.

Pepsi's ad was dismissed as "just part of the cola wars" by Wendy's VP-Communications Dennis Lynch. "We feel we're getting excellent treatment by Coca-Cola."

But Coca-Cola reacted strongly. "The Pepsi claims are total fabrication," said Randy Donaldson, a Coca-Cola spokesman. "They are absolutely false, and we are planning to respond accordingly."

He wouldn't elaborate.

But Pepsi's divide-and-conquer tactic is the same one Coca-Cola has used successfully in the past. After PepsiCo bought Kentucky Fried Chicken Corp. in 1986, giving it, with Taco Bell and Pizza Hut, ownership of three of the 10 largest fast-food chains, Coca-Cola trade ads argued restaurants were subsidizing rivals.

The tactic worked: Last year, Burger King and Wendy's switched to Coca-Cola from Pepsi.

But Pepsi has refused to give up. It's signed up Marriott Corp., Metromedia Steakhouses, which operates the Ponderosa Steakhouses and Bonanza Family Restaurants chains, the National Amusements theater chain and Norwegian Cruise Line.

Pepsi now holds a 26.3% share of fountain sales, said Jesse Meyers, editor of *Beverage Digest*. Coca-Cola's share is 59.7%. Pepsi has regained, at Coca-Cola's expense, the share it had before last year's Burger King loss dropped it to about 21% (vs. Coca-Cola's 65%).

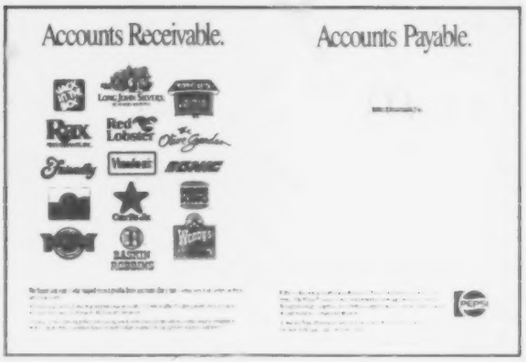
Marriott's shift last month, according to an internal Coca-Cola memo leaked to Atlanta newspapers, followed Coca-Cola's refusal to lend Marriott $50 million to $100 million. The memo reportedly suggests Pepsi may have offered such a deal to win the business.

"Coke's letter is grossly inaccurate and bad form," said Gary Gerdemann, manager of public relations for Pepsi. "[Our] agreement with Marriott is based on product, equipment and services. . . . We would not violate any legal or ethical contract standards."

Pepsi will keep running the anti-Coca-Cola ad, created by Tracy-Locke, Dallas, and will stay aggressive, Mr. Gerdemann said.

"We've run ads directed to the restaurant trade before and they've been competitive," he said. "The fountain business is gruelingly competitive, so the advertising would reflect that."

"The cola wars have moved into the on-premise trenches," Mr. Meyers said. "I suspect we'll see a lot more of this" kind of advertising from both companies. □



Pepsi-Cola may have won some business with its trade ad: It signed Howard Johnson Restaurants, a 15-year Coca-Cola client.

- **Oscar Mayer Foods Corp.** will use its sponsorship of the U.S. Olympic Team as a focus for a multidimensional marketing program, including Olympic-themed advertising; Olympic rings on Oscar Mayer labels; free standing inserts; and local event sponsorship. Oscar Mayer also will "pay" for part of its sponsorship by supplying training centers with its Oscar Mayer, Louis Rich, Louis Kemp and Claussen products. "This is the biggest marketing event we've ever done," said Steve Ligouri, VP-marketing, established brands. Olympic ad campaigns for Louis Rich and Oscar Mayer are scheduled to break in the second half of the year. J. Walter Thompson USA, Chicago, handles Oscar Mayer products; D'Arcy Masius Benton & Bowles, New York, handles Louis Rich brands. Frankel & Co., Chicago, is promotion agency for Oscar Mayer Foods Corp.
- **Dreyer's Grand Ice Cream** today breaks a $10 million spot TV campaign in 14 markets. Humorous spots feature individual flavors with the tag "It's not your normal French Vanilla" (or whichever flavor is featured). Goldberg Moser O'Neill, San Francisco, handles.
- **Nestle Chocolate & Confections Co.** is featuring golfer Chi Chi Rodriquez in its new "S-Crunch-ous" campaign for Nestle Crunch bars. The spot breaks nationally today via Jordan, McGrath, Case & Taylor, New York.

- **Adobe Systems**, Mountain View, Calif., narrowed its $3 million to $5 million software account review to Foote, Cone & Belding; Goodby, Berlin & Silverstein; and Tallant LaPointe & Partners, all San Francisco. Former agency HL&S Partners, Mountain View, closed last month.
- **Subway Sandwiches**, Milford, Conn., narrowed its review to 12 shops and plans to hear presentations from a selected three late this month. Beber Silverstein & Partners, Miami, resigned the approximately $2 million creative assignment in February. Subway buys media.
- **Superior Rent-A-Car**, Orlando, Fla., to **Leighton/Brydger**, Fort Lauderdale, first agency for its $4.5 million account. Spot TV and print are slated to break in May.
- **Roman Meal Co.**, Tacoma, Wash., to **Grey Advertising**, Los Angeles, from McCann-Erickson, Seattle, for its $4 million account.
- **A.T. Cross Co.**, Lincoln, R.I., to **Hill, Holliday, Connors, Cosmopulos**, Boston, from Potter Hazlehurst, E. Greenwich, R.I., for its estimated $4 million writing instruments account.
- **Venture Stores**, St. Louis, to **Bloom FCA**, Dallas, first agency for the retailer's estimated $3 million account.
- **Washington Mutual**, Seattle, to **McCann-Erickson** from Evans/Kraft for the federal savings bank's $3 million to $5 million account. Evans/Kraft in February resigned the account after 49 years to take on the estimated $5 million account of Seafirst.

Spreadsheet battle looms

By Bradley Johnson and Alan Radding

The success of Microsoft Corp.'s Windows, a software package that makes personal computers easier to use, is opening the way for the biggest shake-up in the software market since the early 1980s.

The battle begins this summer in the second largest software category as the three top vendors of spreadsheet programs determine who's going to take the lead in the '90s.

Windows, which gives IBM-compatible PCs many of the "mouse"-operated features of Apple Computer's Macintosh, is generating reactions from all fronts.

The Federal Trade Commission is investigating whether Microsoft has behaved fairly in marketing Windows. The FTC is probing whether Microsoft misled rivals about Windows' potential in an effort to gain an unfair advantage for its products using the operating system.

Apple last month issued a study claiming Macintosh offers a price/performance value superior to Windows. IBM Corp. is pushing OS/2 as an alternative to Windows.

But Windows quickly is becoming the industry standard, with software vendors scrambling to make their products compatible with it. Hence the coming battle over spreadsheets.

Microsoft, the No. 1 vendor of PC software, has the most to gain. Best known for creating Windows and other operating systems—the invisible software that allows computers to run other programs—Microsoft is an up-and-comer in applications software such as spreadsheets and word processing.

The company with the most to lose is No. 2 software vendor Lotus Development Corp., whose Lotus 1-2-3 has been the dominant spreadsheet since 1983. Lotus will be launching a Windows-based Lotus 1-2-3 this summer to regain slipping market share.

Because Microsoft has been selling Windows-based spreadsheets for three years, "Lotus is going to be in the unusual position of [chasing] a market leader," said Marshall Moseley, software analyst at Dataquest, a market research company. There's "a distinct possibility" that Lotus will slip from the top when the Windows market opens fully in the mid-1990s.

Taking on both companies will be Borland International, the feistiest and fastest-growing major spreadsheet marketer, which will release a Windows-based version of its hot-selling Quattro Pro later in the year.

"As the Windows spreadsheet market explodes, it will be wide open," said Peter Horan, senior VP-account group director at Microsoft's agency, Ogilvy & Mather, Los Angeles. "The momentum is going to be folks coming in and buying their first Windows applications. We are all going to be out there shouting to them."

The battle will be fought through ads in business and computer titles including *Lotus*, spun off by Lotus Development in January.

But more critical than paid media may be direct mail, seminars for current spreadsheet users, aggressive pricing strategies on upgrades and public relations.

"Advertising is not the end-all of what drives sales," said Stephen Kahn, Borland's VP-general manager for spreadsheets.

Borland, handling advertising in-house, bashes Lotus constantly in ads. Mr. Kahn refused to discuss marketing strategies for the Windows-based Quattro Pro due later this year, but Borland likely will keep up its attack.

Lotus since fall has focused ads on the latest version of 1-2-3 while scrambling to develop Windows software. A major ad campaign is being planned for the expected introduction of 1-2-3 for Windows this summer, said Laurie Phelan, Lotus ad manager. Other ads will support a version of 1-2-3 for the Macintosh later this year. Hill, Holliday, Connors, Cosmopulos, Boston, handles.

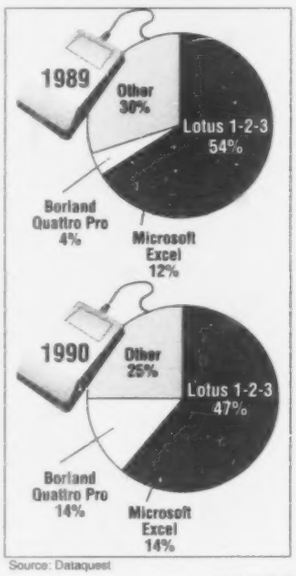
The campaigns will support Lotus' declared strategy of having a version of 1-2-3 for every computer and operating system.

Microsoft is trying to secure Excel's position before others move in. Launch ads for the latest rendition, Excel 3.0, broke in January in business and computer publications. An eight-page brochure explaining Windows ran last month in *The Wall Street Journal*, *Business Week* and newsweeklies. Microsoft is plotting its strategy for the second half.

The three companies command 75% of unit sales in spreadsheets, with smaller brands carving up the rest, Dataquest said. With North American sales last year of $701.3 million, spreadsheets represent the second largest category, behind word processors, in the $4.6 billion software applications market, Software Publishers Association said. □

Windows opens field

Market share for worldwide unit shipments of personal computer spreadsheets.



Source: Dataquest

JOHN SMITHER

MEDIAWORKS

Titles dance with Costner

By Janice Kelly

Cover Story is a monthly ranking of celebrities' popularity as reflected by their appearances on more than 30 leading U.S. publications.

Magazine editors went on a spring cleaning spree in March, packing away last year's overexposed faces and introducing a new lineup of hot celebs.

Actor-director **Kevin Costner** scored 12.5 points in the Cover Story survey to capture first place.

It was his first appearance since he tied with Donald Trump for eighth place in December.

The survey assigns point values to cover appearances based on such factors as prominence of the photo and frequency of the publication.

The focus was on Mr. Costner for his movie, "Dances With Wolves." The film went on to win seven Oscars, including best director for Mr. Costner.

Gracing at least two covers already in April, Mr. Costner may keep the crown another month.

Kevin Costner has won more than his Oscars.

Magazine editors also devoted substantial cover space to **Jodie Foster**, hyping her latest psychothriller, "The Silence of the Lambs." She finished second with 9.5 points.

Third place went to **President Bush** with 8 points. Most of his coverage focused on the allied victory over Iraq.

Tied for fourth with 6 points were the **Duchess of York**, due to rumors of a troubled marriage, and **Whoopi Goldberg**, for publicity preceding her Oscar as best supporting actress for the movie "Ghost."

Robert DeNiro and **Val Kilmer** tied for sixth with 5 points each. Mr. DeNiro, nominated for an Oscar for "Awakenings," stars in the new film "Guilty by Suspicion." Mr. Kilmer has received much attention for his role as Jim Morrison in the movie "The Doors."

Sharing eighth with 4 points each were **Julia Roberts**, the "Pretty Woman" star whose latest movie is "Sleeping With the Enemy"; **Vanna White**; **Oprah Winfrey**; **Kirk Douglas**, who was injured in an airplane crash; and **Tammy and Jim Bakker**, who are opening a new ministry.

The top four 1990 Cover Story finishers—Madonna, Elizabeth Taylor, Donald Trump and Saddam Hussein—were hard to find on March covers. □

Radio listeners are tuning out Top 40 and tuning in country and news/talk stations, according to a fall 1990 study by Arbitron Co. and *Billboard*.

One reason for the boost in news/talk listenership was concern about the escalating Persian Gulf crisis, said Sean Ross, *Billboard* radio editor.

Country radio program directors credited the rise in that format's popularity to increased national media coverage and the appeal of younger country artists, *Billboard* reported.

Adult contemporary stations continued to earn the biggest audience among listeners 12 and older in the top 76 markets. Top 40 and adult standards were the only formats in the top 10 to lose share since fall 1989.

Top 40 may be on a slide because stations are playing less variety, making it hard to reach adults and teens, Mr. Ross said.

The survey is based on national Arbitron diary entries from Sept. 22 to Dec. 12. □

Favorite formats in radio

Listeners in the top 76 markets have touched that dial. Here is each format's quarterly share of listeners 12-plus.

Format	Fall '89	Fall '90	Format	Fall '89	Fall '90
Adult contemporary	17.0%	18.6%	Classic rock	3.3	3.7
News/talk	12.6	13.0	Adult standards	3.4	3.1
Top 40	14.5	12.8	Easy listening	6.5	2.9
Country	9.4	10.5	Religious	2.1	2.1
Album rock	8.6	9.1	Adult alternative	2.1	1.9
Urban contemporary	8.5	9.1	Classical	1.7	1.8
Oldies	5.9	6.2	Modern rock	0.7	0.9
Spanish	3.7	4.2			

Source: Arbitron Co. and *Billboard*

Advertising opportunities in print.

Men's Fitness, New York, "Man on the go—O.J. Simpson" special editorial section, July issue; ad close: April 5. Color page: $8,005.

The Sporting News, St. Louis, "NFL draft preview" special advertising section, April 22 issue; ad close: April 5. B&w page: $14,950; color page: $18,500.

Town & Country, New York, "The perfect wedding" special advertising section, June issue; ad close: April 5. B&w page: $23,030; color page: $29,640.

The New York Times, New York, "The business world" special editorial section, June 9 issue; ad close: April 8 (color); April 30 (b&w). B&w page: $29,185; color page: $42,570.

Newsweek, New York, "How kids grow" special editorial section, Summer issue; ad close: April 8. B&w page: $76,400; color page: $118,900.

Inside Sports, Evanston, Ill., "NFL football" special editorial section, July issue; ad close: April 9. B&w page: $14,610; color page: $21,805.

Elle, New York, "All about town" special advertising section, July issue; ad close: April 10. Color 1/3 page: $7,908.

Woman's Day, New York, "Summer entertainment" special editorial section, July 16 issue; ad close: April 12. B&w page: $66,495; color page: $79,600.

Shape, New York, "Cross-training fashion" special editorial section, July issue; ad close: April 15. Color page: $15,410.

Men's Health, Emmaus, Pa., "Hot new sunglasses for summer" special editorial section, July issue; ad close: April 17. B&w page: $12,055; color page: $17,000.

Movieline, Los Angeles, "Screenwriters" special editorial section, June issue; ad close: April 17. B&w page: $4,021; color page: $5,500.

Working Mother, New York, "Ethnic light" special section, July issue; ad close: April 17. B&w page: $18,943; color page: $23,100.

Parade, New York, "Science education" special editorial section, June 2 issue; ad close: April 19. Color page: $339,600.

Seventeen, New York, "Summer's best fashion" special section, July issue; ad close: April 19. B&w page: $29,500; color page: $42,750.

Compass Readings, Portland, Ore., "Golf/U.S. Open" special advertising section, June issue; ad close: April 22. B&w page: $17,110; color page: $25,900. □

OUTLOOK: NETWORKS' FALL PLANS

Sizing up nets' nightly strategies

The four networks recently presented their 1991-92 prime-time program development meetings to the advertising community. Bozell, New York, offers this night-by-night analysis of each network's strategy.

Monday: With little growth potential in the 8-9 p.m. (ET) slot, **ABC** may replace "MacGyver." "Monday Night Football" will continue at 9-11 p.m. **CBS** appears happy with its 8-10 p.m. comedies—"Evening Shade," "Major Dad," "Murphy Brown" and "Designing Women"—but may put a new show in the 10 p.m. slot if its April trial run of "Northern Exposure" doesn't work. **NBC** is looking for a companion show at 8:30 p.m. to follow "Fresh Prince of Bel Air." **Fox** will return with an 8-10 p.m. movie package of made-for-TV and theatrical films.

Tuesday: "Who's the Boss?" (8 p.m.) and "Roseanne" (9 p.m.) are the only sure hits to return on **ABC's** schedule next year. "Coach" (9:30 p.m.), "Davis Rules" (8:30 p.m.) and "thirtysomething" (10 p.m.) are questionable. **CBS** will stick with its low-cost "Rescue 911" (8-9 p.m.) and its 9-11 p.m. movie lineup. **NBC** is looking for an action-adventure hour at 8 p.m.; "In the Heat of the Night" and "Law & Order" will return from 9-11 p.m. **Fox** won't program Tuesday nights.

Wednesday: "The Wonder Years" (8 p.m.) and "Doogie Howser, M.D." (9 p.m.) will return on **ABC**, but the network may cancel "Growing Pains" (8:30 p.m.), "Anything But Love" (9:30 p.m.) and "Equal Justice" (10 p.m.). **CBS** is seeking a succession of comedies; its current 8-11 p.m. lineup of "48 Hours," "Jake & the Fatman" and "WIOU" are "borderline." **NBC** is looking for a show to follow "Unsolved Mysteries" (8-9 p.m.) and will probably keep "Quantum Leap" in its 10-11 p.m. slot. **Fox** won't program Wednesday nights.

Gary's already gone . . . will the rest of "thirtysomething's" cast follow?

Thursday: **ABC** may replace its 8-10 p.m. lineup of "Father Dowling" and "Gabriel's Fire," but "PrimeTime Live" likely will return at 10 p.m. **CBS** will probably reprogram 8-10 p.m., now slated with "Top Cops" and "Antagonists," but will keep "Knots Landing" at 10 p.m. **NBC** is expected to return with "The Cosby Show," "A Different World" and "Cheers" from 8-9:30 p.m. and will schedule either "Wings" or "Seinfeld" at 9:30 with "L.A. Law" returning at 10 p.m. "The Simpsons" will return at 8 p.m. on **Fox**, but "Babes" likely will be replaced at 8:30. One possibility to replace it is "Beverly Hills 90210."

Friday: "Full House" and "Family Matters" likely will return from 8-9 p.m. and "20/20" at 10 p.m. on **ABC**, but "Perfect Strangers" and "Baby Talk" are "iffy" from 9-10 p.m. **CBS** will try to regain Friday night but may have to move "Dallas" to 10 p.m. with a new lineup from 8-10 p.m. **NBC** will completely overhaul Friday night and go after adults 18-49. "America's Most Wanted" will return on **Fox** from 8-9 p.m.; Fox has a number of series in development for 9-10 p.m.

Saturday: In an attempt to attract young adults, **ABC** is developing several shows including a project with MTV: Music Television, and likely will bring back "The Young Riders" at 8-9 p.m. **CBS** will completely revamp this night, possibly including a news or reality show. **NBC** will try new comedies at 8-9 p.m. leading into "Golden Girls" and "Empty Nest," and may move "Hunter" to 10 p.m. "Totally Hidden Video" (8 p.m.) and "Cops" (9 p.m.) should return on **Fox**, but it will probably put new shows in its 8:30 and 9:30 half-hours.

Sunday: "America's Funniest Home Videos," "America's Funniest People" and the Sunday movie will return on **ABC** from 8-11 p.m., but the network may pull "Life Goes On" at 7 p.m. **CBS** will stick with its lineup of "60 Minutes," "Murder, She Wrote" and the "CBS Sunday Movie." **NBC** is developing new series to reach adults 18-49 leading into its movie package at 9 p.m. **Fox's** "In Living Color," "Get a Life" and "Married . . . With Children" will return from 8-9:30 p.m., but Fox will revamp 7-8 p.m. and is considering "Top of the Heap" for 9:30 p.m. "Comic Strip Live" will probably return at 10 p.m. □

Joe Mandese coordinates MediaWorks.

Agency Belding blues

ABC's 'Twin Peaks' ads snare big award

By Cleveland Horton

LOS ANGELES—Adding to the evidence that 1990 was a lackluster year for agencies, a TV network took top honors in southern California's most prestigious ad competition.

The Advertising Club of Los Angeles last week bestowed its Sweepstakes Belding award to ABC-TV for three promotional spots created in-house for the series "Twin Peaks."

The judges' decision marks the first time in the awards' 25-year history that a company, rather than an agency, has won the Sweepstakes Belding award.

The 11 judges "were tough this year," said John Hirschboeck, president of Team One, El Segundo, and chairman of the Belding Awards. "They awarded 40% fewer bowls."

While he characterized the decision as "enigmatic," he added, "What's being recognized is ideas, and they can come from the client, the direct mail house or anywhere."

The Belding move follows a decision by *Advertising Age* not to bestow Agency of the Year honors on any U.S. shop for the first time since it began giving the award in 1973.

ABC created the three award-winning spots, titled "Midget," "Coffee" and "Trickle Down," for the series' resumption last fall, when the question "Who killed Laura Palmer?" had yet to be answered.

"Twin Peaks" spawned a second award winner as well. GEM/Fattal & Collins, Santa Monica, earned a Belding bowl for a "Twin Peaks" promotion for KATU-TV, the Portland, Ore., ABC affiliate.

Three years ago, the Belding Awards generated some controversy when the judges selected a one-week promotional campaign for the Sweepstakes. The campaign, created by Della Femina, McNamee, promoted the Isuzu/-Kapulana International golf tournament and featured the car company's "Joe Isuzu" spokesman.

Chiat/Day/Mojo, Venice, last year's Sweepstakes winner, this time took home the most bowls—10—for its work for Eveready Battery Co., Dep Corp., Mitsubishi Electronics and Quaker State Minit-Lube.

Other multiple-bowl winners were: Rubin Postaer & Associates (3); Team One (3); GEM/Fattal & Collins (2); and Muse Cordero Chen (2).

The number of bowls awarded dropped to 31 this year from 57 a year ago. □

Cereal

(Continued from Page 3)

had less impact—with the average share of a new product hitting 0.23% in 1989 and 0.18% in 1990. And that's with far fewer new products.

"If you look at new-product introductions in the 1980s, they accelerated through the decade—and peaked out in 1989, when we saw 32 new products, with the estimated cost of taking those national between $20 million and $30 million each," said Kellogg Co. Chairman-CEO William LaMothe.

"With brands ending up with [subpar] shares, companies can't get a return on that kind of investment," he said.

Mr. LaMothe sees a change in marketer attitudes toward new cereals.

"It's clear all of us have cut back on new-product introductions," he said. "Here, at least, there's also a lot more discussion about market testing. We're not rushing to go national with every product."

He said he expects only about 10 new cereal products this year, down a third from last year.

"Everyone who's tried to do more than equity extensions in the past year or two has had their nose broken," one senior agency executive said.

"How much longer are we going to be in this period of hiatus, with none of us able to launch or sustain a new product?" the agency executive asked.

Quaker's new Tiny Toons Adventures—a short-term licensed cereal—epitomizes one approach to the problem: a willingness to look for niche products in lieu of big national introductions.

Ralston's experience shows the potential value of such niche products. If General Mills is "the big guy with the momentum, we're the little guy with the momentum in this market," Chairman-CEO William Stiritz said.

Fueled by licensed cereal successes Batman and Teenage Mutant Ninja Turtles, Ralston's pound volume share hit 7% at one point last year and was 6.2% for all of 1990, up from 5.6% in 1989. For the 12 weeks ended Jan. 31, the company's share was 6.8%.

The category's other new products likely will be line extensions.

Although the format may change, "new products will always be key in this category," Quaker's Mr. Smithburg said. "The cereal business is one of high frequency and low loyalty."

With new, long-awaited production capacity on line, General Mills will likely be the new-product leader this year. Its Triples and Basic 4 were introduced in half the country in February, each with $35 million in marketing support.

Those two products will be General Mills' proving ground. The No. 2 company has narrowed the market-share gap with Kellogg in the past two years.

However, the most recent short-term shares indicate Big G's share may have plateaued. After racking up a 24.3% share for calendar 1990, General Mills accounted for

"New products will always be key in this category. The cereal business is one of high frequency and low loyalty."

22.7% of pound volume in the 12 weeks ended Jan. 31.

The good news for Big G is that its rivals seem wary of spending heavily to gain share.

"We'd love to boost our share but want to do it profitably," Mr. Smithburg said.

Kraft General Foods' Post division, which in 1990 gained share for the first time in a decade, is similarly low-key. "We're a distant No. 3 in ready-to-eat cereals, and we don't want to get delusions of grandeur," said Michael Miles, the company's chairman-ceo.

Post boosted its share to 11.5% for the 12-week period. Nabisco Brands' share fell to 3.4%.

Even Kellogg, which has the most at stake, sounds cautious about its plans to regain market share. The company's share stood at 37.7% for the 12-week period. It's no secret in the industry that Kellogg would like to be back at its traditional 40% level, a level it hasn't attained since 1988.

"We sense we've got [share] stabilization out there, and we hope soon we'll start to move forward," Mr. LaMothe said. "But every 10th of a share point is being fought over. Share is not worth any cost; there has to be some judgment there. . . .

"Our emotional position is that we're still leader in the industry and can't let our share slip away forever. It's certainly true that you can buy share over the short period, but that's not what we want. We want to return to our historical share but do it with good fundamental business programs—and we'll take it over time."

So far, these attitudes haven't brought cutbacks in advertising and promotions. Instead, comparative advertising has proliferated.

General Mills, for example, introduced one of its two new cereals with the line, "If you like [Kellogg's] Rice Krispies, try new Triples."

Kellogg's brands have been attacked by General Mills, Post and Quaker, but the leader didn't join in until last year. Then, ads compared Kellogg's Just Right with General Mills' Total.

"I feel that comparative advertising is a lazy way to sell your product," Mr. LaMothe said. "We've succumbed because we're going to be competitive, and in some cases, it's the appropriate approach. It disturbs me, but it's a jungle out there."

Price promotions have been particularly intense, with $1 coupons and buy-one-get-one-free offers abounding.

Marketers' eagerness to be competitive with private-label prices is one reason for the heavy couponing. Store brands are the fastest-growing factor in the market, with a 7% share (AA, March 4).

"Without that pressure from private label, you'd see a lot of this high level of advertising and promotional spending disappear," Quaker's Ms. Kawalek said.

"There is power in absolute price points—and when you're pushing $3 for 14 or 15 ounces of cereal, you've hit a price threshold that will make the consumer go from feeling good about buying cereal to feeling bad," she said. "And all of a sudden, private-label looks pretty good."

And though their marketing strategies are changing, the six cereal companies aren't likely to give up on the category.

"The category's growth in the '80s [when sales shot up to $7 billion from $2.3 billion] has only whetted the appetite of these companies to be more aggressive," said another agency executive. □

FOR THE RECORD

KELLOGG CO. has sued Texas Assistant Attorney General Stephen Gardner for slander. In a suit filed last week in Michigan state Circuit Court in Battle Creek, the company said it was slandered by a quote from Mr. Gardner published in *The New York Times* Feb. 27. The quote was: "Kellogg constantly lies about its products. I don't believe anything Kellogg tells me. They've lied to me too many times." Kellogg is seeking a public retraction, general compensatory damages of $10,000 and punitive damages. Mr. Gardner called the suit groundless. He and Kellogg have been at odds over advertising and labeling claims.

GLENBROOK LABORATORIES, New York, has contacted several agencies about handling a line extension for its flagship Bayer aspirin brand, whose current agency is Lintas:New York, sources said. Spending would exceed $20 million.

AD SPENDING IN NEWSPAPERS last year was $32.3 billion, down 0.2% from 1989, reported the Newspaper Advertising Bureau. National advertising was up 4.4% to $4.1 billion, retail ads rose 0.9% to $16.7 billion and classified ads dropped 3.5% to $11.5 billion. For the fourth quarter, spending was $8.8 billion, down 2% from a year earlier.

TRIBUNE CO., Chicago, took a $295 million charge against 1990 earnings ($185 million after taxes) to reflect its sale of the New York *Daily News*. The charge included $60 million paid to Maxwell Newspapers, $86 million for employee compensation and other expenses, a $57 million 1991 operating loss for the *News* and a $92 million writedown of the daily's value. The company reported a net loss of $63.5 million for 1990 vs. net income of $242 million in 1989.

DUTCH BOY PAINTS has announced a $4 million-plus, three-year agreement with Turner Entertainment Network for advertising on National Basketball Association regular season and playoff games. Dutch Boy's NBA tie-in will include premium giveaways and point-of-purchase offers through paint retailers nationwide; Griswold Inc., Cleveland, handles.

AMERICAN SOCIETY of Magazine Editors named 73 finalists for its 1991 National Magazine Awards. Advance Publications' *The New Yorker* led the field with five nominations in four categories. Winners will be announced April 24. The awards are sponsored by ASME, administered by the Graduate School of Columbia University and supported by the Magazine Publishers of America.

LEGISLATION BANNING outdoor and transit ads for alcohol and tobacco died last week in the Washington state House Rules Committee without a vote. The House Healthcare Committee had approved the measure on a 10-0 vote.

FOX INC., New York, and Tele-Communications Inc., the nation's largest multiple system cable operator, have signed a broadcast/cable agreement that involves a "must carry" commitment to carry Fox programming to TCI subscribers who are currently unable to receive Fox.

NEW CAMPAIGNS: General Foods USA today breaks its first Jell-O Man commercial from Young & Rubicam, New York, on Saturday morning TV. Jell-O Man is also appearing in a color comic book being inserted into 2 million copies of Walsh Publishing Co. children's comic books. . . . **Thomson Consumer Electronics** on April 28 kicks off a contest to name the puppy sidekick of its RCA mascot, Nipper. Print and radio support; TV spots will add a tag announcing the contest. Ammirati & Puris, New York, handles. . . . **Texaco** today breaks a multimillion-dollar network, spot, cable TV and print campaign for its reformulated Havoline Formula 3 motor oil. Campbell-Mithun-Esty, Minneapolis, is the agency.

ACCOUNT ACTION: Playtex Family Products, Stamford, Conn., to **Jordan, McGrath, Case & Taylor**, New York, from Rosenfeld, Sirowitz, Humphrey & Strauss for its $8 million to $10 million Jhirmack shampoo and conditioner account. . . . **National Cable Television Association**, Washington, to **Bozell**, New York, first agency for an estimated $6 million TV and print campaign. . . . **Fox Photo**, San Antonio, Texas, to **GSD&M**, Austin, from in-house for its estimated $3.5 million account.

OBITUARY: Granger Tripp, 68, retired senior VP-creative director at J. Walter Thompson USA, New York, died of colon cancer March 20 in Mount Kisco, N.Y.

WORTH NOTING: NFL Films is negotiating with five major U.S. corporations to underwrite a planned 13-week documentary series on Operation Desert Storm, said President Steve Sabol. Mr. Sabol said the series will run this fall on the Public Broadcasting Service or cable's Arts & Entertainment or Discovery Channel. . . . **Sawyer/Miller Group**, New York, a leading Democratic political consultancy, said it will no longer work for candidates running for office in the U.S. The agency plans to focus on its corporate and international clients. . . . **Saatchi & Saatchi Co.** shareholders have approved a refinancing plan. The recapitalization includes a $96 million new stock issue. Maurice and Charles Saatchi each will be paid $547,000 this year, 28.6% less than in 1990.

NOTE

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